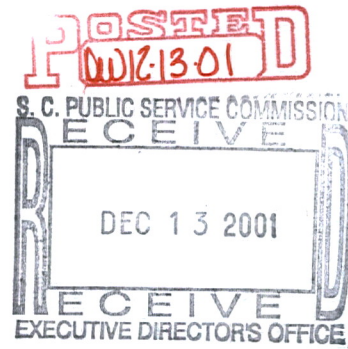


**BEFORE THE
SOUTH CAROLINA
PUBLIC SERVICE COMMISSION**

DOCKET NO. 2001-309-C



In the Matter of the Application of Optical Telephone Corporation for a Certificate of Public Convenience and Necessity to Operate as a Reseller of Interexchange Services and for Alternative Regulation First Approved in Docket No. 95-661-C

TESTIMONY OF MARK FROST

I. Introduction

1 **Q. Please state your name and business address.**

2 A. My name is Mark Frost and my address is 600 Blvd. South, Suite 104, Huntsville,
3 Alabama 35802.

4
5 **Q. By whom are you employed and in what capacity?**

6 A. I am the President of Optical Telephone Corporation.
7

8 **Q. Please give a brief description of your background and experience in business and
9 telecommunications.**

10 A. I manage the day-to-day operations at OTC. Prior to joining OTC, I maintained and
11 updated customer service records for UKI Communications, Inc., an interexchange
12 telecommunications reseller. Previous to my employment with UKI, I was involved in a
13 variety of technical capacities with a number of organizations. I have over seven years of
14 business experience including personnel and operations management. I have had
15 continuous employment in the field of software development and am currently working

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1 on a Bachelor of Science degree in Computer Science at Kennesaw State College. My
2 technical experience, coupled with my recent employment with UKI have enabled me to
3 develop an extensive understanding of the operations of long distance resellers.
4

5 **Q. What is the purpose of your testimony?**

6 A. The purpose of my testimony is to describe the nature of OTC's proposed service
7 offerings within the State of South Carolina, to outline the regulatory treatment sought by
8 OTC in this Docket, and to demonstrate its financial, managerial, and technical ability to
9 provide the telecommunications services for which authority is sought herein.
10

11 **Q. Do you wish to incorporate by reference any documents into your testimony?**

12 A. Yes. I wish to incorporate by reference the underlying Application filed in this
13 proceeding and its associated exhibits.
14

15 **II. The Business of OTC**

16 **Q. Has OTC registered to do business in South Carolina?**

17 A. Yes. OTC is a Alabama corporation that has been authorized to transact business within
18 the State of South Carolina. Copies of the qualifying documents are attached to the
19 Application as Exhibits A and B.

1 **Q. Please describe the services OTC intends to provide within the State of South**
2 **Carolina.**

3 A. OTC seeks authority to operate as a reseller of intrastate interexchange
4 telecommunications services to the public on a statewide basis and to offer 1+
5 interexchange telecommunications services on a resale basis. Specifically, OTC seeks
6 authority to provide Message Telecommunication Service (“MTS”) and postpaid calling
7 card services.

8
9 **Q. What carrier will OTC utilize as its underlying carrier for services in South**
10 **Carolina?**

11 A. OTC will base its decisions regarding which facilities-based carrier it will utilize upon
12 OTC’s analysis of facility cost and quality of service. It will only utilize carriers
13 properly certified by this Commission to provide service in this State. OTC expects to
14 utilize the interexchange carrier services of Qwest, AT&T and WorldCom.

15
16 **Q. Is OTC currently authorized to provide intrastate telecommunications services in**
17 **any other state?**

18 A. Yes. OTC is authorized to provide telecommunications services in the following
19 jurisdictions: Arkansas, California, Colorado, Florida, Georgia, Hawaii, Idaho, Indiana,
20 Iowa, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Montana,
21 Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio,
22 Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington,

1 Wisconsin, and Wyoming. OTC also has applications pending in Alabama, Arizona,
2 Illinois, Louisiana, New Hampshire, Oklahoma, Vermont, and West Virginia,
3

4 **Q: Does OTC intend to file a tariff with the Commission?**

5 A. Yes. OTC will file a final tariff similar to the proposed Tariff filed along with OTC's
6 Application as Exhibit E in this Docket. We believe that OTC's Tariff will comport with
7 all Orders, Rules and Regulations of the Commission, and OTC will make all changes
8 suggested by the Staff and the Commission necessary to comply with all such applicable
9 authority.
10

11 **Q. Will OTC comply with the Commission's orders regarding the resale of**
12 **interexchange carrier services?**

13 A. Yes. OTC will at all times provide and market interexchange carrier services in
14 accordance with current Commission policies. In addition, OTC at all times provides
15 interstate services in compliance with all FCC rules and regulations.
16

17 **Q: Will OTC file all applicable reports as required by the Commission?**

18 A: Yes. OTC is aware of the Commission's requirements that all telecommunications
19 carriers file a report on South Carolina operations, a gross receipts report, and a universal
20 service contribution report on an annual basis.
21

Q. Has OTC provided any intrastate telecommunications services within the state of South Carolina to date?

A. No it has not.

Q. What rates will OTC charge upon receipt of certification?

A. OTC will charge the tariffed rates approved by the Commission.

Q. How will OTC market services in South Carolina?

A. OTC will market services via personal and telephone contact by OTC's employees and/or authorized distributors. OTC will utilize telemarketing as well as its Internet website as the primary means of promoting its services. A copy of OTC's telemarketing script is attached hereto as **Exhibit A**.

III. Regulatory Treatment

Q. What Regulatory Treatment is OTC seeking in this Application?

A: OTC requests that all of its business service offerings be regulated pursuant to the procedures described and set out in Order No. 95-1734 and 96-55 in Docket No. 95-661-C. It is OTC's intent by this request to have its business services regulated in the same manner as this Commission has permitted for AT&T Communications of the Southern States. Specifically, OTC requests:

- a) removal of maximum rate tariff requirements for its business services, consumer card, operator service, and future private line, and customer network-type offerings;
- b) that tariff filings for these uncapped offerings are presumed valid upon filing. If the Commission institutes an investigation of a particular filing

1 within seven days, the tariff filing will be suspended until further order of
 2 the Commission; and

- 3
 4 c) any relaxation in the reporting requirements that may be adopted for
 5 AT&T shall apply to OTC also.
 6

7 **Q: Where does OTC propose to keep books and records concerning its operations?**

8 A: OTC proposes to keep its books and records at its corporate offices. Pursuant to
 9 Commission Rule 103-610, the Company requests that the Commission allow OTC to
 10 keep those books and records at its corporate location outside South Carolina. Should the
 11 Commission or its Staff desire to review any such records, OTC will provide them to the
 12 Commission expeditiously and at the Company's expense.
 13

14 **IV. Managerial, Technical and Financial Qualifications**

15 **Q: Does OTC have sufficient managerial, technical, and financial resources and ability**
 16 **to provide the telecommunications services proposed in its Application?**

17 A. Yes. OTC has sufficient technical, financial, and managerial resources and the ability to
 18 provide the telecommunications services for which authority is sought herein. OTC's
 19 personnel represent a broad spectrum of business and technical disciplines, possessing
 20 many years of individual and aggregate telecommunications experience. My
 21 qualifications and experience are set forth on page 1 of this testimony, and the resumes of
 22 other key personnel are attached as Exhibit C to the Application.

1 **Q. How does OTC handle customer service requests?**

2 A. OTC operates a customer service center, which handles all such requests, which is
3 available 24 hours a day, 7 days a week. Presently, OTC has a policy of responding to
4 any billing or service inquiries within 24 hours. In the event that the inquiry requires
5 further investigation on the part of the service representative, the customer is advised of
6 the reasons for the need for additional inquiries and is given a date certain by which the
7 inquiry will be addressed. OTC can be reached conveniently by toll free number at (866)
8 207-3220.

9
10 **Q. Please describe the financial condition of OTC.**

11 A. In support of OTC's financial ability to provide the services sought herein, OTC filed a
12 balance sheet with the Commission as Exhibit D to the Application in this proceeding.
13 At the time of hearing, if necessary, I will provide further testimony to support OTC's
14 financial ability to provide the services set forth in its Application.

15
16 **Q. How will residents of South Carolina benefit from OTC's services and presence in**
17 **South Carolina?**

18 A. Approval of OTC's Application will serve the public interest by creating greater
19 competition in the interexchange marketplace. Approval will also provide consumers
20 with a greater choice of billing options and long distance services for intrastate calls,
21 promoting more efficient use of the underlying networks. OTC's participation in South

1 Carolina's intrastate telecommunications market will also expand the tax base and
2 revenue sources for the State.

3
4 **Q. Does this conclude your testimony?**

5 **A.** Yes. I would like to thank the Commission for this opportunity to provide information
6 relevant to OTC's Application and am ready to provide any additional information that
7 the Commission may need in making its decision.

EXHIBIT A

OPTICAL TELEMARKETING TRANSCRIPT

Telemarketer:

Hello, Mr./Ms. _____

This is [Telemarketer Name] with Optical Telephone Corporation. I am calling to introduce you to OTC's long distance service and offer you a free gift for trying our service.

OTC prides itself on providing state of the art Telecommunications service. Our rates are as low as 6 cents per minute with a \$5.95 monthly service fee. And for trying our service you will receive 1500 free minutes on your OTC calling card.

All you need to do is to listen to the following announcement and answer the questions at the end and you can start enjoying OTC's great service.

Announcement and Digital LOA Recording: Independent Automated Verification System
[Telemarketer drops off the line]

Thank you for selecting Optical Telephone Corporation as your Long Distance and Local Long Distance telephone service provider.

We at OTC are committed to providing our customers with the nation's highest-quality, most affordable long distance service.

And now you can try our low 6 cents per minute prime-time rate with a low \$5.95 monthly fee and receive 1500 free minutes on your Optical Telephone Calling Card redeemable at 100 minutes per month for 15 months.

Please answer the following questions. You may press zero to speak with an attendant at any time.

1. Are you 18 years of age or older?
2. If you are the person authorized to make changes and/or incur charges for this phone number, please state your complete name and address at the tone.
3. Do you select Optical Telephone Corporation to be your long distance provider for state-to-state and international calls? **Please say yes at the tone.**
4. Do you also select OTC to be your instate long distance provider? **Please say yes at the tone.**
5. Do you authorize OTC to change your current service? **Please say yes at the tone.**
6. Do you understand that you can only have one long distance provider per phone number? **Please say yes at the tone.**
7. Your previous long distance provider was _____?
8. Do you have any additional telephone or fax numbers, other than _____ (recite number) that you want included on your OTC account?
9. To validate your account, please state your date of birth or mother's maiden name at the tone.

10. A small charge may be assessed by your phone company for changing long distance carriers. OTC will reimburse you for this charge.

You will receive a welcome letter with your calling card in 2 to 3 weeks. If you have any questions, please contact our customer service department at 866-207-3220. Thank you for choosing Optical Telephone Corporation, and have a good day.

Questions and answers are digitally recorded.